Managing Your Subgrant Award

Note: Unless otherwise indicated, all guidance documents referenced are posted at http://www.statelibrary.sc.gov/information-and-guidelines.html.

The LDS consultant assigned to assist you during the proposal process remains available to assist throughout the life of your LSTA project.
The LSTA
Coordinator is available to provide guidance at any time.

I. First Rule of Thumb

Pay attention to the grant activity period for which funds have been awarded. See the award number on your contract. It looks like this:

These numbers represent budget category (IIA), funding year (08) and sub-grantee i.d. (23). The two year grant activity period for the 2008 funding year is October 1, 2007 – September 30, 2009 (See grant cycle calendars posted on the LSTA web pages).

Project activities extending beyond the end of the official grant period are not reimbursable under LSTA.

II. Meeting the 34% Matching Requirement

All cash and in-kind contributions to a project that are provided by the subgrantee or by a third party

are acceptable as the grantee's cost sharing when contributions are:

- (a) verifiable from the grantee's records;
- (b) not included as contributions from any other federally-assisted program;
- (c) necessary and reasonable for the proper and efficient accomplishment of project objectives;
- (d) the types of charges that would be allowable under the applicable federal cost principles;
- (e) used to support activities that are included in the approved project work plan; and
- (f) incurred during the grant period.

TIP!

Provide the 34% (match) from non-Federal, State, local or other non-federal entities (including corporations and foundations). In-kind support may be used but a cash match is preferred. LSTA funds cover up to 66% (federal share) of the total project cost.

III. Making Changes to an Approved LSTA Project

Contact the LSTA Coordinator or your assigned SC State Library consultant for guidance.

Avoid the pitfall of making changes that may invalidate your award contract. Examples of changes or actions that could significantly alter your approved project application and thereby invalidate your award contract are:

- changes to a project's scope, objectives or timeline,
- unapproved budget revisions of any kind (complete the form <u>"Request for LSTA Subgrant Budget Revisions"</u>),
- changes in key administrative and/or programmatic project personnel,
- obtaining services (by contracting, or other means) of a third party that were not approved as part of the original project application, and
- purchase of equipment not approved in the original project application.

IV. Spending Your LSTA Funds

LSTA grant funds are paid on a reimbursement basis. Subgrantees, after paying for project expenses with local funds, are reimbursed for documented expenses up to the grant amount awarded.

- Funds may be expended only for the purposes and activities for which the sub-grant is awarded.
- Funds may not be obligated or expended prior to the award date shown on the award contract.
- Funds must be obligated and expended during the federal two-year grant period cycle (See Grant Cycle Calendars).
- Expenditures must comply with the federal cost principles.

Only reimbursement requests meeting the above requirements are approved. (See the "Allowable/Unallowable Costs Tip Sheet" posted on the SC State Library's LSTA website or OMB Circular A-87 "Cost Principles" at http://www.whitehouse.gov/omb/circulars/a087/a87 2004.html.)

Expenses unallowable under LSTA are not reimbursed (See OMB Circular A-87).

What if a subgrantee is unable to make project expenditures without first receiving an LSTA payment? Consideration for such is extended <u>only</u> to subgrantees administering projects with a potential for significant statewide impact. Approval is at the discretion of the State Librarian. Contact the LSTA Coordinator.

V. Requesting Reimbursement Payments (Unless otherwise indicated, forms and instructions referenced are posted at http://www.statelibrary.sc.gov/lsta-forms.html)

Requests made be made at any time, but do not submit requests for less than \$500, unless such is the total award amount or the total balance remaining. Complete a <u>Request for LSTA Subgrant Reimbursement</u> form.

Subgrantee payments are made directly to a:

- county treasurer for credit to a county library,
- governmental agency for libraries within governmental agencies, and
- a qualifying organization or agency.



To ensure timely processing and to avoid return of paperwork, provide legible documents, include all required markings and submit documentation by June 1st or by September 1st (See Grant Cycle

Calendars).

Documentation is required for the following:

General Expenditures

- **Invoices** that show the name of the vendor, invoice number, date, description of goods and/or services, quantity, unit cost, applicable shipping and handling charges, taxes, discounts and total amount. **Mark invoices as follows:**
 - o APPROVED FOR PAYMENT (this indicates goods and/or services have been received as ordered and in acceptable condition)
 - o Contract award number, e.g., IID-08-58
 - o Amount charged to LSTA funds
 - Fiscal Officer's initials and date

When submitting numerous invoices (e.g., invoices from various book jobbers) provide a summary spreadsheet for each LSTA budget category (e.g., library materials, equipment, other) by vendor, invoice number, date and amount (subtotal by vendor then by category).

Personal Services Expenditures

• The <u>Personal Services Report</u> form documents employee salaries to be reimbursed by LSTA funds and **must accompany reimbursement requests.** The report must be signed by the employee, approved by the appropriate official and coincide with a pay period. Include copies of corresponding in-house documentation that confirms actual payout of the amount requested for reimbursement.

Contractual Expenditures

• Copies of contracts must be included for reimbursement of contractual costs. Formal agreements with independent contractors, such as consultants, must be attached and must include a description of the services to be performed, the period of performance, the fee and method of payment, an itemization of travel and other costs which are chargeable to the agreement, and the signatures of both the contractor and an appropriate official of the sub-grantee organization.

Travel Expenditures

• These are costs incurred for transportation, including costs of lodging, other subsistence, and incidental expenses (such as fees and tips given to porters, baggage carriers and bellhops) specifically to carry out the subgrant award. Such costs shall be considered reasonable and allowable only to the extent they do not exceed and are consistent with charges normally allowed by the State of SC in its regular operations..

A completed and signed *Travel Support* form is required and must include receipts for: (a) lodging (b) air (lowest available commercial discount or customary standard coach airfare) or other transportation (c) registration fees (d) parking and (d) meals (per the state per diem schedule). Such costs may be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs, or on a combination of the two.



UNACCEPTABLE DOCUMENTATION delays processing of reimbursement requests; some examples follow:

- o Personal credit card receipts (Exception: Approved travel costs)
- o Proforma invoices (These are provided by a supplier in advance of providing goods or services and represent price quotations only.)
- o Purchase orders and packing slips -- In the normal accounts payable process, purchase orders (a legal offer to buy products or services) are matched with invoices and packing slips (these contain all order details except billing information) before invoices are paid. When submitted without an invoice both are unacceptable.

VI. Equipment

Written approval from the SC State Library is needed prior to the purchase of tangible non-expendable personal property having a life of more than one year and an acquisition cost of at least \$5,000. Requests must detail the proposed expenditure and reference the approved subgrant award.

- Equipment shall be used by the subgrantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds.
- Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, the acquisition date and cost of the property, the location, use and condition of the property and any ultimate disposition data including the date of disposal and sale price of the property.
- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- When acquiring replacement equipment, the sub grantee may use the equipment to be replaced in trade-in or sell the property and use the proceeds to offset the cost of replacement property, subject to approval of SC State Library.
- When original or replacement equipment acquired under the subgrant is no longer needed for the original project or program or for other activities currently or previously supported by federal funds, disposition of the equipment will be made as follows:
 - o Items of equipment with a current per unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
 - o Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

VII. Accounting Systems

Subgrantees should:

- Have an accounting system that provides accurate, current, and complete disclosure of all financial transactions related to each LSTA project.
- Identify in accounts all LSTA funds received and expended and the Federal program under which awards were received. Federal program and award identification shall include, as applicable:
 - o CFDA title and number (CFDA No. 45.310),
 - o award number and year (see grant award contract),
 - o name of the federal agency (IMLS), and
 - o name of the pass-through entity (South Carolina State Library).
- Maintain records of expenditures to facilitate an effective audit. Accounting records must contain authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures and income. These records must be maintained on a current basis and must be supported by source documentation such as canceled checks, paid bills, vouchers, invoices, payroll (time and attendance records), etc. Separate sets of cash control ledgers must be maintained for each fund and project. Documentation for salary changes shall be based on a system of personnel activity reports. (NOTE: See related guidance document, "LSTA Records Retention.")
- Provide authorized state and/or federal representatives access to the project site, books, documents, papers, and all other records pertinent to the sub grant for audit examination purposes and to ensure program compliance.
- Maintain effective control and accountability for real and personal property and other assets and adequately safeguard all such property and assure that it is used solely for authorized purposes.

VIII. Audits

Subgrantees are subject to the audit requirements contained in the Single Audit Act of 1996 (31 U.S.C. 7501-7507) and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations, Subpart C--Auditees, Section .310 Financial statements."

An annual audit must be performed, reviewed by the appropriate official and submitted to the South Carolina State Library thirty (30) days after receipt of the auditor's report(s) or no later than nine (9) months after the end of the audit period. For public library subgrantees, county audits submitted to document State Aid expenditure compliance are acceptable, as they should also document receipt and expenditure of any LSTA subgrant funds.

Sub grantees must take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with OMB Circular A-133, Subpart C--Auditees, Section .315 Audit findings follow-up. (See http://www.whitehouse.gov/omb/circulars/index.html)

